

STATE SCHOOL AID UPDATE

Michigan Department of Education



JANUARY 2007

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JANUARY 18, 2007 REVENUE ESTIMATING CONFERENCE

A revenue estimating conference will be held on January 18, 2007 to update revenue projections for fiscal years 2006-2007 and 2007-2008 and to set a final revenue figure for fiscal year 2005-2006. The results of that conference as well as any effect on state school aid that is known at that time will be provided in the February UPDATE. With questions regarding this item, contact Dan Hanrahan, Office of State Aid and School Finance (517) 335-0521, or e-mail: HanrahanD@Michigan.gov.

EXPERIENTIAL LEARNING

The department has developed new criteria for pupil participation in Experiential Learning Courses (formerly referred to as "in school placements"). These criteria can be found on the Department's website at www.mi.gov/mde under "Current Topics." Please pay particular attention to this item if you have middle school pupils involved in work-based instruction (e.g. office aides) at the school. That time will not be allowed towards the pupil's FTE in FY 2008. Questions regarding this item may be directed to Joellen Wonsey, Office of State Aid and School Finance, (517) 373-3352, or e-mail: WonseyJ@Michigan.gov

JANUARY PAYMENT INFORMATION

The January state school aid payment is the fourth payment of the 2006-2007 fiscal year. The payment will be electronically transferred to the districts' accounts on Friday, January 19, 2007.

Taxable value - The January payment continues to use the *beginning* 2006 tax roll non-homestead taxable value data, as provided by the county treasurers via the web based taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is:

<http://mdoe.state.mi.us/taxvalue>. To view your data, click on "Public Access," and then choose your district code and the appropriate tax year from the drop-down menus.

Pupil membership - September 2006 unaudited pupil count data were used in the calculation of the blended membership count for the January payment used to calculate the **Section 20 Foundation** allowances as well as the **Section 29 Declining Enrollment** allowances. Also, the **three-year average membership blend** was calculated for qualifying districts using these unaudited counts. These are districts with a current year 25% - 75% blend of less than 1,550 **and** 4.5 or fewer pupils per square mile for whom the average of the membership blends for FY 2004-2005, FY 2005-2006 and FY 2006-2007 exceeds the current year blend. An asterisk (*) next to the membership figures on the status report indicates a three-year average.

Updated categoricals - The following categoricals were updated in the January payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Court placed Pupils - Section 24 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov)
- ECIC Collaborative Grants - Section 32b (Gary Schafer, Early Childhood Education and Family Services, (517) 335-2875, SchaferG@Michigan.gov)
- ISD Great Start - Section 32j (Jacqueline Wood, Early Childhood Education and Family Services, (517) 241-4741, WoodJac@Michigan.gov)
- Michigan School Readiness - Section 32d (Connie Robinson, Early Childhood Education and Family Services, (517) 241-4291, RobinsonConnie@Michigan.gov)

STATE AID CONTINUES TO BE WITHHELD FOR DELINQUENT REPORTS

A few districts and PSAs continue to have state aid withheld because they have failed to file the *financial* audit report and/or the Annual Comprehensive Financial Report-Financial Information Database (FID). Payments will continue to be withheld until the required reports are received. All 2005-2006 *pupil accounting* audit reports have been filed. Questions regarding the *audit reports* may be directed to Kathy Weller, Office of Audits, (517) 335-6858, or e-mail: WellerK@Michigan.gov. Districts with questions pertaining to the *FID* may contact Glenda Rader, Office of State Aid and School Finance, (517) 335-0524, or e-mail:

RaderG@Michigan.gov. We greatly appreciate the cooperation of all those who have filed their reports in a timely manner.

PAYMENT CORRECTIONS

A few districts reported on their Annual Comprehensive Financial Reports-Financial Information Database (FID) that they received revenue directly from a Tax Increment Finance Authority (TIFA). Pursuant to the language in Section 26 of the State School Aid Act, when a district receives funds directly from a TIFA and reports that on the FID they are to have their school aid reduced by an amount equal to the amount of the funds received. Those deductions appear as a negative amount in the Prior Year Adjustment section of the State School Aid Financial Status report labeled "26 XXXX Taxes Received CAV" where XXXX indicates the fiscal year. On the January 2007 status reports those amounts were inadvertently entered as positive amounts and the funds were paid to the districts and not deducted from the payment as they should have been. This will be corrected in the February 2007 payment.

The Section 74(4) School Bus Inspection funds were paid to districts in full (100%) in November 2006 pursuant to language in that section that requires school districts to pay those funds to the State Police within 45 days of receiving a cost statement. Those funds were inadvertently reduced to 27.27% in the December 2006 payment. The funds have been restored to 100% in the January 2007. The Department regrets any inconvenience this has caused the districts. Questions regarding either of these two items may be directed to Dan Hanrahan, Office of State Aid and School Finance, (517) 335-0521 or HanrahanD@Michigan.gov.

SECTION 107 ADULT EDUCATION FUNDING

The Department of Labor and Economic Growth has notified the Department that 14 otherwise eligible districts have not submitted the required documentation to receive Section 107 Adult Education funding for FY 2007. Therefore, the current year Section 107 allowances for those districts have been reduced to zero on the January 2007 status report and all funds previously paid on those allowances have been deducted from the January payment. Questions or concerns regarding this item may be directed to Sandy Thelen, Department of Labor and Economic Growth at (517) 373-3395 or e-mail ThelenSJ@Michigan.gov.

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

Office of State Aid and School Finance staff mailed out various correspondence to school business managers the week of January 15, 2007 related to an analysis of the 2005-2006 fiscal year Financial Information Database (FID) submission. The correspondence requests that business officials review the data in question and either correct the FID or contact the Office of State Aid and School Finance to explain the discrepancies. Your cooperation in "cleaning up" the 2005-2006 FID data is very much appreciated. With questions regarding this request, contact Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

IMPORTANT DATES TO REMEMBER

- **February 1** is the due date for districts and ISDs to report to the local health department the **immunization status** of each new pupil in grades K-12 who enrolled in the district or ISD for the first time during the immediately preceding calendar year and all 6th graders, pursuant to State School Aid Act Section 167. (Patty Lawless, (517) 373-1122, LawlessP@Michigan.gov)
- **February 14** is the **supplemental count day** for all districts, ISDs, and PSAs and the 3rd quarterly count date for adult education participants. (Joellen Wonsey, (517) 373-3352, WonseyJ@Michigan.gov)

GENERAL INFORMATION

- The proration factor for Section 31a – At Risk funding is \$203.8548542491 per pupil.

*Do you have questions about the information appearing in this UPDATE? Call the consultant identified above or **Dan Hanrahan, Director of State Aid and School Finance, MDE**, phone: **(517) 335-0521**, fax: **(517) 241-0196**, e-mail: HanrahanD@michigan.gov